

# SHUMWAY • VAN

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Website: [www.shumwayvan.com](http://www.shumwayvan.com)  
Toll Free: (800) 868-1341

From the desk of Robert Tee Spjute, Esq.  
Licensed in Utah  
This correspondence is from the Utah office.

April 17, 2015

**Via US Mail**

Tom Mitchell, Esq.  
Trust Lands Administration  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102  
(801) 538-5107  
[tommitchel@utah.gov](mailto:tommitchel@utah.gov)

RECEIVED  
APR 20 2015  
DIV. OF OIL, GAS & MINING

Re: Sale of Ore stockpile located on Pan Green Mine located North of Highway 20-Township 32 South, Range 6 West, Section 25, Iron County, Utah

Dear Mr. Mitchell,

This letter is sent to seek assistance in relation to my clients Webagencies.com, Inc. ("**Webagencies**"), Greg Yoder ("**Mr. Yoder**"), Sherri Kerr, and Mark Parelius and their interest in previously mined ore piles that are located in Iron County, Utah ("**Ore**"). The reputed owner of the Ore is Cornerstone Industries, Inc. ("**Cornerstone**"). One of Mr. Yoder's agent's Mark Boone, has spoken to Lynn Kunzler from the Department of Natural Resources related to the sale of the Ore. Mr. Kunzler is copied on this letter. Mr. Kunzler directed Mr. Boone to speak with you as we take steps needed to sell the Ore. It is our understanding that Webagencies and Mr. Yoder would need to provide a notice of intent to sell and obtain a transfer permit in order to sell the Ore. It is also our understanding that we would need to pay a royalty to the Utah School and Institutional Lands Trust Administration. Related to the royalty payment, Mr. Kunzler directed us to you.

To provide some background, in 2012, Webagencies, Mr. Yoder, Sherri Kerr and Mark Parelius entered into agreements to provide money to Cornerstone that was secured by rights in real estate and, among other things, the Ore. Cornerstone defaulted on those agreements and a lawsuit was filed on November 20, 2013, in the Fifth Judicial District Court of Iron County, State of Utah, Civil No. 130500174. On April 6, 2015 an Amended Judgment was entered against Cornerstone in favor of Webagencies and Mr. Yoder in the amount of \$1,485,128.77 ("**Judgment**"). Judgment enclosed. The Judgment was obtained on a motion for summary judgment. Webagencies and Mr. Yoder moved for summary judgment under, among other things, the UCC filing and Security Agreement, which are discussed and defined below. The Court granted the Judgment based on the UCC Filing and Security Agreement and withheld judgment related to the real property that also served as collateral.

**SALT LAKE CITY OFFICE**

8 East Broadway, Suite 550, Salt Lake City, Utah 84111  
Ph: (801) 478-8080 – Fx: (801) 478-8088

**SAN ANTONIO OFFICE**

310 S St Mary's St. Suite 2100, San Antonio, Texas 78205  
Ph: (210) 888-0235 – Fx: (210) 503-2888

**LAS VEGAS OFFICE**

8985 South Eastern Avenue, Suite 100, Las Vegas, Nevada 89123  
Ph: (702) 478-7770 – Fx: (702) 478-7779

In addition to the Judgment, Cornerstone also signed a security agreement ("**Security Agreement**") which named Mr. Yoder as Cornerstone's "attorney-in-fact," given his position as collateral agent in the Security Agreement. Security Agreement enclosed. A UCC filing statement related to the Security Agreement states that Cornerstone provided Mr. Yoder interest in "all inventory, including but not limited to the ore stockpile. . ." UCC Financing Statement enclosed. Cornerstone has specifically agreed that upon default of the Security Agreement, which default has previously occurred, Mr. Yoder may act on Cornerstone's behalf in relation to the collateral stated in the Security Agreement, including the Ore. Based on the security agreement Mr. Yoder can "enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral," which includes the Ore.

By virtue of the Judgment and Mr. Yoder's position as attorney-in-fact, Webagencies and Mr. Yoder seek to sell the Ore to satisfy the Judgment and other obligations owed to them by Cornerstone. However, Cornerstone has stated that:

Cornerstone does not own the ore, it is property of the State of Utah and Cornerstone only has a mineral lease for the same. As such, any rights of Cornerstone to the ore are subject to the lease and cannot be transferred without the State's approval. It is my understanding that in order to obtain the State's approval to transfer the lease to your clients your clients would have to establish that they are qualified to process the ore in an economical and feasible manner – which is not an easy task. Further, it is my understanding based upon what SITLA and the Division of Oil Gas and Mining have told Cornerstone, that if your clients remove and/or attempt to sell any of the ore without their approval your clients will be subject to criminal and/or civil sanctions.

Email from Cornerstone's attorney, enclosed. Neither Webagencies, nor Mr. Yoder has any desire to sell the Ore without the appropriate approval by the State of Utah. Webagencies and Mr. Yoder seek to work with the state of Utah to sell the Ore to a qualified buyer and to pay any fees owed to the State of Utah from the sale of the Ore. With that in mind, Webagencies and Mr. Yoder make the following requests:

1. Based on the Judgment, the Ore should be sold to satisfy the amounts owed. To do so please provide any fees, royalty payments, or other amounts due to the state related to the Ore;
2. Based on Mr. Yoder's position as Cornerstone's attorney-in-fact, that all written communications between Eric Flippo or Cornerstone and the Trust Lands Administration be provided to Mr. Yoder;
3. That the only communications from the Trust Lands Administration related to the Ore be sent to Mr. Yoder; and

*This correspondence is from the Salt Lake City office.*

4. That a meeting between representatives of the Trust Lands Administration, the Department of Natural Resources and Mr. Yoder be set up as your earliest convenience so that any issues related to the Ore may be resolved.

Additionally, it has come to our attention that Cornerstone, through its owner, Eric Flippo has attempted to provide what we believe to be inaccurate information related to Webagencies and Mr. Yoder and their interest in the Ore. At this time any communication related to Webagencies and Mr. Yoder should be directed to either myself or Mark Boone ([mboone@markusgroup.us](mailto:mboone@markusgroup.us); (919) 571-3260) so that any potential misrepresentations may be corrected.

Thank you for your assistance with this matter. If you have any questions, please do not hesitate to contact our office.

Kindest Regards,  
SHUMWAY VAN



Robert T. Spjut, Esq.  
[tee@shumwayvan.com](mailto:tee@shumwayvan.com)

cc: Lynn Kunzler  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84116  
[lynnkunzler@utah.gov](mailto:lynnkunzler@utah.gov)

Enclosures: Judgment  
Security Agreement  
UCC Financing Statement  
Cornerstone Email

RTS

*This correspondence is from the Salt Lake City office.*

The Order of Court is stated below:

Dated: April 01, 2015  
10:30:33 AM

/s/ KEITH C. BARNES  
District Court Judge



MICHAEL C. VAN, ESQ. (4932)  
Clay A. Alger, Esq. (12426)  
ROBERT T. SPJUTE, ESQ. (13866)  
**SHUMWAY VAN & HANSEN**  
8 East Broadway, Suite 550  
Salt Lake City, Utah 84111  
Phone: (801) 478-8080  
Fax: (801) 478-8088  
[clay@shumwayvan.com](mailto:clay@shumwayvan.com)  
[tee@shumwayvan.com](mailto:tee@shumwayvan.com)  
*Attorneys for Plaintiffs*

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**IN THE FIFTH JUDICIAL DISTRICT COURT  
IN AND FOR IRON COUNTY, STATE OF UTAH**

---

GREGORY A. YODER, an individual; and  
WEBAGENCIES.COM, INC., a California  
corporation,

*Plaintiffs,*

v.

CORNERSTONE INDUSTRIES, INC., a Utah  
corporation,

*Defendant.*

**AMENDED JUDGMENT**

Civil No. 130500174

Judge Keith C. Barnes

Tier III

Amended Judgment is entered in the above-entitled matter on the above date, for Plaintiff, Gregory A. Yoder and Webagencies.com, Inc., and against Defendant, Cornerstone Industries, Inc. in the following amount:

Principal	\$1,200,000.00
Interest to date of judgment at 10%	\$285,128.77
Attorney's fees	N/A
Costs to date of judgment	N/A

TOTAL JUDGMENT

\$1,485,128.77

Said judgment will continue to bear interest at the rate of ten percent (10%) per annum from the date of judgment until paid pursuant to a contract between the parties. Furthermore, this Judgment may be augmented in the future to include additional damages, including but not limited to attorney fees, costs of judgment and additional interest that may accrue on this Judgment or any further judgments entered by this Court.**[END OF DOCUMENT]**

**CERTIFICATE OF SERVICE**

I hereby certify that on this 27<sup>th</sup> day of April, 2015, I electronically filed the foregoing **AMENDED JUDGMENT** with the Clerk of the Court using the [efiler@utcourts.gov](mailto:efiler@utcourts.gov) Tybera system and caused the following to be served via that system.

Bruce C. Jenkins  
Carson B. Bagley  
Vial Fotheringham SG, LLP  
285 W. Tabernacle, Ste. 301  
St. George, UT 84770  
*Attorney for Cornerstone*

Matt A. Munson  
M.A. Munson Law, P.C.  
970 S. Sage Dr. #109  
Cedar City, UT 84720  
*Attorney for Cornerstone*

Signature: /s/ Jodi Miller  
*An employee of Shumway Van & Hansen*

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME &amp; PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGEMENT TO: (Name and Address)

Sean A. Cottle, Esq.  
Hoge Fenton Jones & Appel  
60 South Market Street, Suite 1400  
San Jose, CA 95113-2396

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only gng debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME					
Cornerstone Industries, Inc.					
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
117 Bernal Road, #70-174		San Jose	CA	95119	USA
ADD'L INFO RE ORGANIZATION DEBTOR		1d. TYPE OF ORGANIZATION	1e. JURISDICTION OF ORGANIZATION		1f. ORGANIZATIONAL ID#, if any
		Corporation	Utah		UT8237617-0142 <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only gng debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
ADD'L INFO RE ORGANIZATION DEBTOR		2d. TYPE OF ORGANIZATION	2e. JURISDICTION OF ORGANIZATION		2f. ORGANIZATIONAL ID#, if any
					<input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only gng secured party name (3a or 3b)

3a. ORGANIZATION'S NAME					
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
		Yoder	Gregory	Adon	
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
695 Technology Parkway, Suite 25		Campbell	CA	95008	USA

4. This FINANCING STATEMENT covers the following collateral

All right, title, interest, claims and demands of Cornerstone Industries, Inc. in and to the following property: (i) all Accounts; (ii) all Chattel Paper; (iii) all Commercial Tort Claims listed on Exhibit A; (iv) all Deposit Accounts and cash; (v) all Documents; (vi) all Equipment; (vii) all General Intangibles; (viii) all Goods; (ix) all Instruments; (x) all Inventory, including but not limited to the ore stockpile located on the real property commonly referred to as Pan Green Mine located at North of Highway 20-Township 32 South, Range 6 West, Section 25; (xi) all Investment Property; (xii) all Letter-of-Credit Rights; and (xiii) to the extent not otherwise included, all proceeds and products of any and all of the foregoing, and all accessions to, substitutions and replacements for, and rents and profits of each of the foregoing.

All capitalized terms referenced in the preceding sentence and not otherwise defined, shall have the respective meanings given to such terms in the Uniform Commercial Code of the State of California as in effect from time to time

5. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> LESSEE/LESSOR <input type="checkbox"/> CONSIGNEE/CONSIGNOR <input type="checkbox"/> BAILEE/BAILOR <input type="checkbox"/> SELLER/BUYER <input type="checkbox"/> AG LIEN <input type="checkbox"/> NON-UCC FILING					
6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)		7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) <input type="checkbox"/> All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2 (optional)			
8. OPTIONAL FILER REFERENCE DATA					
Matter 84474					

## SECURITY AGREEMENT

This Security Agreement (as amended, modified or otherwise supplemented from time to time, this "***Security Agreement***"), dated as of February [ 27 ], 2012, is executed by Cornerstone Industries, a Utah corporation (together with its successors and assigns, "***Company***"), in favor of Collateral Agent (as herein defined) on behalf of the Investors listed on the signature pages hereof.

### RECITALS

A. Company and the Investors have entered into a Note Purchase Agreement, dated as of February [ 23 ], 2012 (the "***Purchase Agreement***"), pursuant to which the Company has issued promissory notes, dated as of the date hereof (as amended, modified or otherwise supplemented from time to time, (each a "***Note***" and collectively, the "***Notes***").

B. In order to induce each Investor to extend the credit evidenced by the Notes, Company has agreed to enter into this Security Agreement and to grant Collateral Agent, for the benefit of itself and the Investors, the security interest in the Collateral described below.

### AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Company hereby agrees with Collateral Agent and the Investors as follows:

1. Definitions and Interpretation. When used in this Security Agreement, the following terms have the following respective meanings:

"***Collateral***" has the meaning given to that term in Section 2 hereof.

"***Obligations***" means all loans, advances, debts, liabilities and obligations, howsoever arising, owed by Company to Collateral Agent and the Investors of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), now existing or hereafter arising under or pursuant to the terms of the Notes and the other Transaction Documents, including, all interest, fees, charges, expenses, attorneys' fees and costs and accountants' fees and costs chargeable to and payable by Company hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

"***Permitted Liens***" means (a) Liens for taxes not yet delinquent or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established; (b) Liens in respect of property or assets imposed by law which were incurred in the ordinary course of business, such as carriers', warehousemen's, materialmen's and mechanics' Liens and other similar Liens arising in the ordinary course of business which are not delinquent or remain



payable without penalty or which are being contested in good faith and by appropriate proceedings; (c) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, and other Liens to secure the performance of tenders, statutory obligations, contract bids, government contracts, performance and return of money bonds and other similar obligations, incurred in the ordinary course of business, whether pursuant to statutory requirements, common law or consensual arrangements; (d) Liens in favor of the Collateral Agent; (e) Liens upon any equipment acquired or held by Company to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment, so long as such Lien extends only to the equipment financed, and any accessions, replacements, substitutions and proceeds (including insurance proceeds) thereof or thereto; (f) Liens arising from judgments, decrees or attachments; (g) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods, (h) Liens which constitute rights of setoff of a customary nature or banker's liens, whether arising by law or by contract; (i) Liens on insurance proceeds in favor of insurance companies granted solely as security for financed premiums; (j) leases or subleases and licenses or sublicenses granted in the ordinary course of Company's business and (k) Liens (whether now existing or existing in the future) in favor of John Theodore Anderson or any party related to Mr. Anderson.

"UCC" means the Uniform Commercial Code as in effect in the State of California from time to time.

All capitalized terms not otherwise defined herein shall have the respective meanings given in the Notes. Unless otherwise defined herein, all terms defined in the UCC have the respective meanings given to those terms in the UCC.

2. Grant of Security Interest. As security for the Obligations, Company hereby pledges to Collateral Agent and grants to Collateral Agent a security interest of first priority in all right, title and interests of Company in and to the property described in Attachment 1 hereto, whether now existing or hereafter from time to time acquired (collectively, the "~~Collateral~~"). Notwithstanding the foregoing, the security interest granted herein shall not extend to and the term "~~Collateral~~" shall not include any equipment or other property financed by a third party, provided that such third party's Liens are Liens of the type described in subsection (e) of the definition of Permitted Liens; provided further that such equipment or other property shall be deemed "~~Collateral~~" hereunder if such third party's Lien is released or otherwise terminated.

3. Covenants Relating to Collateral. Company hereby agrees (a) to perform all acts that may be necessary to maintain, preserve, protect and perfect the Collateral, the Lien granted to Collateral Agent therein and the perfection and priority of such Lien, except for Permitted Liens; (b) not to use or permit any Collateral to be used (i) in violation in any material respect of any applicable law, rule or regulation, or (ii) in violation of any policy of insurance covering the Collateral; (c) to pay promptly when due all taxes and other governmental charges, all Liens and all other charges now or hereafter imposed upon or affecting any Collateral; or (d) not to surrender or lose possession of (other than to Collateral Agent), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein, and to keep the Collateral free of all Liens

*They did something with Mery Mithal*

except Permitted Liens; provided that Company may sell, lease, transfer, license or otherwise dispose of any of the Collateral in the ordinary course of business.

4. Authorized Action by Collateral Agent. Company hereby irrevocably appoints Collateral Agent as its attorney-in-fact (which appointment is coupled with an interest) and agrees that Collateral Agent may perform (but Collateral Agent shall not be obligated to and shall incur no liability to Company or any third party for failure so to do) any act which Company is obligated by this Security Agreement to perform, and to exercise such rights and powers as Company might exercise with respect to the Collateral, including the right to (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral; (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral; (c) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; (d) insure, process and preserve the Collateral; (e) pay any indebtedness of Company relating to the Collateral; and (f) file UCC financing statements and execute other documents, instruments and agreements required hereunder; provided, however, that Collateral Agent shall not exercise any such powers granted pursuant to subsections (a) through (e) prior to the occurrence of an Event of Default and shall only exercise such powers during the continuance of an Event of Default. Company agrees to reimburse Collateral Agent upon demand for any reasonable costs and expenses, including attorneys' fees, Collateral Agent may incur while acting as Company's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. It is further agreed and understood between the parties hereto that such care as Collateral Agent gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Collateral Agent's possession; provided, however, that Collateral Agent shall not be required to make any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any prior party or any other person in connection with the Obligations or with respect to the Collateral.

5. Default and Remedies.

(a) Default. Company shall be deemed in default under this Security Agreement upon the occurrence and during the continuance of an Event of Default (as defined in the Notes).

(b) Remedies. Upon the occurrence and during the continuance of any such Event of Default, Collateral Agent shall have the rights of a secured creditor under the UCC, all rights granted by this Security Agreement and by law, including the right to: (a) require Company to assemble the Collateral and make it available to Collateral Agent and the Investors at a place to be designated by Collateral Agent and the Investors; and (b) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent Collateral Agent and the Investors deem appropriate. Company hereby agrees that ten (10) days' notice of any intended sale or disposition of any Collateral is reasonable. In furtherance of Collateral Agent's rights hereunder, Company hereby grants to Collateral Agent an irrevocable, non-exclusive license, exercisable without royalty or other payment by Collateral Agent, and only in connection with the exercise of remedies hereunder, to use, license or sublicense any patent, trademark, trade name, copyright or other intellectual property in which Company now or hereafter

has any right, title or interest together with the right of access to all media in which any of the foregoing may be recorded or stored.

(c) Application of Collateral Proceeds. The proceeds and/or avails of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder (as well as any other amounts of any kind held by Collateral Agent at the time of, or received by Collateral Agent after, the occurrence of an Event of Default) shall be paid to and applied as follows:

(i) First, to the payment of reasonable costs and expenses, including all amounts expended to preserve the value of the Collateral, of foreclosure or suit, if any, and of such sale and the exercise of any other rights or remedies, and of all proper fees, expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by Collateral Agent;

(ii) Second, to the payment to each Investor of the amount then owing or unpaid on such Investor's Note, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon such Note, then its Pro Rata Share of the amount remaining to be distributed (to be applied first to accrued interest and second to outstanding principal);

(iii) Third, to the payment of other amounts then payable to each Investor under any of the Transaction Documents, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid under such Transaction Documents, then its Pro Rata Share of the amount remaining to be distributed; and

(iv) Fourth, to the payment of the surplus, if any, to Company, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same

For purposes of this Security Agreement, the term "***Pro Rata Share***" shall mean, when calculating a Investor's portion of any distribution or amount, that distribution or amount (expressed as a percentage) equal to a fraction (i) the numerator of which is the outstanding principal amount of such Investor's Note and (ii) the denominator of which is the aggregate outstanding principal amount of all Notes issued under the Purchase Agreement. In the event that a Investor receives payments or distributions in excess of its Pro Rata Share, then such Investor shall hold in trust all such excess payments or distributions for the benefit of the other Investors and shall pay such amounts held in trust to such other Investors upon demand by such Investors.

## 6. Collateral Agent.

(a) Appointment. The Investors hereby appoint Gregory A. Yoder as collateral agent for the Investors under this Security Agreement (in such capacity, the "***Collateral Agent***") to serve from the date hereof until the termination of the Security Agreement.

### (b) Powers and Duties of Collateral Agent, Indemnity by Investors.

(i) Each Investor hereby irrevocably authorizes the Collateral Agent to take such action and to exercise such powers hereunder as provided herein or as requested in writing

by Investors holding more than 50% of the aggregate outstanding principal amount of the Notes in accordance with the terms hereof, together with such powers as are reasonably incidental thereto. Collateral Agent may execute any of its duties hereunder by or through agents or employees and shall be entitled to request and act in reliance upon the advice of counsel concerning all matters pertaining to its duties hereunder and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance therewith.

(ii) Neither the Collateral Agent nor any of its directors, officers or employees shall be liable or responsible to any Investor or to Company for any action taken or omitted to be taken by Collateral Agent or any other such person hereunder or under any related agreement, instrument or document, except in the case of gross negligence or willful misconduct on the part of the Collateral Agent, nor shall the Collateral Agent or any of its directors, officers or employees be liable or responsible for (i) the validity, effectiveness, sufficiency, enforceability or enforcement of the Notes, this Security Agreement or any instrument or document delivered hereunder or relating hereto; (ii) the title of Company to any of the Collateral or the freedom of any of the Collateral from any prior or other liens or security interests; (iii) the determination, verification or enforcement of Company's compliance with any of the terms and conditions of this Security Agreement; (iv) the failure by Company to deliver any instrument or document required to be delivered pursuant to the terms hereof; or (v) the receipt, disbursement, waiver, extension or other handling of payments or proceeds made or received with respect to the collateral, the servicing of the Collateral or the enforcement or the collection of any amounts owing with respect to the Collateral.

(iii) In the case of this Security Agreement and the transactions contemplated hereby and any related document relating to any of the Collateral, each of the Investors agrees to pay to the Collateral Agent, on demand, its Pro Rata Share of all fees and all expenses incurred in connection with the operation and enforcement of this Security Agreement, the Notes or any related agreement to the extent that such fees or expenses have not been paid by Company. In the case of this Security Agreement and each instrument and document relating to any of the Collateral, each of the Investors and the Company hereby agrees to hold the Collateral Agent harmless, and to indemnify the Collateral Agent from and against any and all loss, damage, expense or liability which may be incurred by the Collateral Agent under this Security Agreement and the transactions contemplated hereby and any related agreement or other instrument or document, as the case may be, unless such liability shall be caused by the willful misconduct or gross negligence of the Collateral Agent.

## 7. Miscellaneous.

(a) Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions or other communications to or upon Company or Collateral Agent under this Security Agreement shall be in writing and faxed, mailed or delivered to each party to the facsimile number or its address set forth below (or to such other facsimile number or address as the recipient of any notice shall have notified the other in writing). All such notices and communications shall be effective (a) when sent by Federal Express or other overnight service of recognized standing, on the business day following the deposit with such service; (b) when mailed, by registered or certified mail, first class postage prepaid and addressed as aforesaid through the United States Postal Service,

upon receipt; (c) when delivered by hand, upon delivery; and (d) when faxed, upon confirmation of receipt.

Collateral Agent:

Gregory A. Yoder  
1624 JUANITA AVE  
SAN JOSE CA 95125  
Telephone: 408-591-6738  
Facsimile: 408-558-1600

Company:

Cornerstone Industries, Inc.

\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

with a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

(b) Termination of Security Interest. Upon the payment in full of all the Notes, the security interest granted herein shall terminate and all rights to the Collateral shall revert to Company. Upon such termination Collateral Agent hereby authorizes Company to file any UCC termination statements necessary to effect such termination and Collateral Agent will execute and deliver to Company any additional documents or instruments as Company shall reasonably request to evidence such termination.

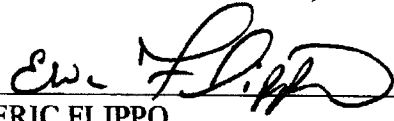
(c) Nonwaiver. No failure or delay on Collateral Agent's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(d) Amendments and Waivers. This Security Agreement may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by Company and Collateral Agent. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

(e) Assignments. This Security Agreement shall be binding upon and inure to the benefit of Collateral Agent and Company and their respective successors and assigns; provided, however, that Company may not sell, assign or delegate rights and obligations hereunder without the prior written consent of Collateral Agent.

IN WITNESS WHEREOF, the Company has caused this Security Agreement to be executed as of the day and year first above written.

CORNERSTONE INDUSTRIES, INC.

By:   
Name: ERIC FLIPPO  
Title: PRESIDENT

AGREED:

GREGORY A. YODER,  
As Collateral Agent

By: \_\_\_\_\_

INVESTORS:

WEBAGENCIES.COM INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

GREGORY A. YODER TRUSTEE OF THE WEBAGENCIES.COM INC 401(K) PLAN

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Sheri Kerr

\_\_\_\_\_  
Mark Parelius

IN WITNESS WHEREOF, the Company has caused this Security Agreement to be executed as of the day and year first above written.

CORNERSTONE INDUSTRIES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_


AGREED:

GREGORY A. YODER,  
As Collateral Agent

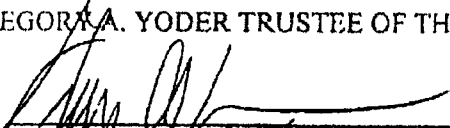
By:  \_\_\_\_\_


INVESTORS:


WEBAGENCIES.COM INC.

By:  \_\_\_\_\_  
Name: Gregory A. Yoder  
Title: President

GREGORY A. YODER TRUSTEE OF THE WEBAGENCIES.COM INC 401(K) PLAN

By:  \_\_\_\_\_  
Name: Gregory A. Yoder  
Title: Trustee

 \_\_\_\_\_  
Sheri Kerr

 \_\_\_\_\_  
Mark Parelius

[Signature page to Security Agreement]

**ATTACHMENT 1**  
**TO SECURITY AGREEMENT**

All right, title, interest, claims and demands of Company in and to the following property:

- (i) All Accounts;
- (ii) All Chattel Paper;
- (iii) All Commercial Tort Claims listed on Exhibit A;
- (iv) All Deposit Accounts and cash;
- (v) All Documents;
- (vi) All Equipment;
- (vii) All General Intangibles;
- (viii) All Goods;
- (ix) All Instruments;
- (x) All Inventory;
- (xi) All Investment Property;
- (xii) All Letter-of-Credit Rights
- (xiii) To the extent not otherwise included, all Proceeds and products of any and all of the foregoing, and all accessions to, substitutions and replacements for, and rents and profits of each of the foregoing.

All capitalized terms used in this Attachment 1 and not otherwise defined herein, shall have the respective meanings given to such terms in the Uniform Commercial Code of the State of California as in effect from time to time.



**Exhibit A**  
**to**  
**Attachment 1 to Security Agreement**  
**Commercial Tort Claims**

None.

**Jodi Miller**

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**From:** Carson B. Bagley <CBB@vf-law.com>  
**Sent:** Wednesday, April 08, 2015 12:49 PM  
**To:** R. Tee Spjute  
**Subject:** RE: Webagencie.com v. Cornerstone (Rule 408 Settlement Communication)

Rule 408 Settlement Communication

Robert,

I appreciate your clients' desire to work on some resolution to this matter. Cornerstone informs me it definitely wants your clients to be made whole. On this note, I have discussed possible ways to resolve this matter and Cornerstone has authorized me to convey the following settlement offer:

Cornerstone is willing to sign a trust deed in favor of the 4 investors on parcel 2 (this way they would have both parcels as security) in exchange for the 4 investors agreeing to dismiss the pending action, including any orders and/or judgments entered therein. The Trust Deed would be to secure a total sum of \$2,000,000, split according to the respective percentages invested by each investor. This agreement would supersede any and all prior agreements between Cornerstone and any of the 4 investors. Cornerstone will agree to pay the \$2,000,000, plus interest at the rate of 8% per annum from the date of the Trust Deed, on or before June 30, 2016. In the event Cornerstone defaults on said payment, the 4 Investors would be able to conduct a non-judicial foreclosure on both parcels and then seek a deficiency judgment if there is any remaining deficiency after the foreclosure.

This offer is made in light of the following: Cornerstone believes that giving them until June 30, 2016, will allow them enough time to handle the ore and figure out a way to market it so all parties can be made whole. As we have discussed several times, Cornerstone does not own the ore, it is property of the State of Utah and Cornerstone only has a mineral lease for the same. As such, any rights of Cornerstone to the ore are subject to the lease and cannot be transferred without the State's approval. It is my understanding that in order to obtain the State's approval to transfer the lease to your clients your clients would have to establish that they are qualified to process the ore in an economical and feasible manner – which is not an easy task. Further, it is my understanding based upon what SITLA and the Division of Oil Gas and Mining have told Cornerstone, that if your clients remove and/or attempt to sell any of the ore without their approval your clients will be subject to criminal and/or civil sanctions.

In sum, if your clients proceed with the litigation and seeking to obtain judgment and reformation of the Trust Deed to include parcel 2, at best they would end up owning all that Cornerstone has – which is the two parcels of land and very little to nothing else. The two parcels of property constitute basically everything that Cornerstone actually owns that can be transferred. If your clients agree to the proposed settlement, Cornerstone will be more able to focus on processing and selling the ore to make a profit, which would then result in a better likelihood that your clients would be made whole in the end.

Please let me know your thoughts regarding the above.

Regards,

Carson B. Bagley  
VIAL FOTHERINGHAM SG, LLP  
285 West Tabernacle, Suite 301  
St. George, UT 84770  
Phone: (435) 656-8200 // Fax: (435) 656-8201  
Email: [cbb@vf-law.com](mailto:cbb@vf-law.com)



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Please consider the environment before printing this e-mail.

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**From:** R. Tee Spjute [mailto:Tee@shumwayvan.com]  
**Sent:** Monday, April 6, 2015 1:52 PM  
**To:** Carson B. Bagley  
**Subject:** Webagencie.com v. Cornerstone

Carson,

Based on the Court's signing of the amended judgment, there is very little holding us back from selling the ore and other property of Cornerstone (with the exception of parcel 1 and parcel 2). You should know that we are in the process of working with parties who work in this business to sell the ore. Frankly, it is in the best interest of Cornerstone to help increase the value of the ore piles as much as possible, because the more the piles sell for the more likely Cornerstone will get money as well, or at least get my clients paid off.

In an effort to get the highest and best value for the ore I would request some information from your client. Specifically, we would need any assay information, including ore concentration information, and concentration methodologies that would provide information related to the value of the ore piles. It is also my understanding that my clients have paid for at least one assay that was previously conducted. In the interest of attempting to work to the benefit of both sides, I request that Cornerstone provide all third party assay information and concentration of ore information related to the ore piles or other assays related to parcel 1 and parcel 2.

I will need a response by April 10, 2015 otherwise we may just move forward without the information.

Also, your clients have yet to provide any type of settlement offer, please know that a reasonable settlement may still be entertained, but time is of the essence.

Sincerely,

Robert Tee Spjute  
8 East Broadway, Suite 550  
Salt Lake City, Utah 84111  
Ph: (801) 478-8080  
Fx: (801) 478-8088  
[www.shumwayvan.com](http://www.shumwayvan.com)

SHUMWAY VAN & HANSEN

ATTORNEYS AT LAW

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Version: 2012.0.2250 / Virus Database: 4257/8984 - Release Date: 04/08/15